



---

## ARIZONA CORPORATION COMMISSION

---

FOR IMMEDIATE RELEASE: October 7, 2008

CONTACT: Rebecca Wilder (602) 542-0844

### **Commission Finds Fraud in Unregistered Securities— Some Involving Real Estate Schemes** *Orders \$13.6 million in Restitution*

PHOENIX, AZ—Today the Arizona Corporation Commission sanctioned multiple individuals and their affiliated companies whose unregistered securities schemes defrauded over \$13.6 million from investors. The Commission ordered that amount in restitution and a total of \$525,000 in administrative penalties.

The Commission issued a default order against Richard Bradford of Mesa, requiring him to pay \$1,298,416 in restitution and \$100,000 in administrative penalties for defrauding at least six investors. Posing as a multimillionaire and former fund manager for T. Boone Pickens, Bradford convinced investors that he could generate sky-high investment returns as manager of Fishing Partners—Salmon, LLC. The Commission found that Bradford, a former securities salesman, gave investors fictitious account statements touting profits when revenues had actually decreased. Bradford also misappropriated about \$275,000 of investor funds for personal use, misrepresented his past investing experience and his financial ability to guarantee the investments.

In another matter, the Commission ordered a Phoenix man to pay more than \$5.7 million in restitution and \$125,000 in administrative penalties for fraudulently selling unregistered real estate lien investments. Guillermo Ricardo (“Bill”) de la Vara, Mortgage Notes, Inc. and MNI Properties, LLC, were not registered to sell securities in Arizona. Nevertheless, they improperly sold lien investments totaling \$5,742,967 to 26 Arizonans. The real estate notes, ranging in price from \$5,000 to \$250,000, were either generated or acquired by de la Vara and his companies and then subsequently resold or assigned to the investors as lien investments. De la Vara told investors that the lien investments were risk-free and secured by real estate. The Commission found that because of de la Vara’s fraudulent conduct, the investments became either unsecured or under secured and entailed, in some instances, a lower lien position than what was represented to the investors. In at least one transaction, de la Vara sold a lien investment without disclosing that he and his company had pending bankruptcies. In settling this case, the respondents neither admitted nor denied the Commission’s findings, but agreed to the entry of the consent order.

A separate case involved Casa Grande resident Donald J. Emmons III, who agreed to pay \$5,110,399 in restitution and \$100,000 in administrative penalties for fraudulently selling unregistered promissory notes secured by real estate. Emmons was president of Property Quest D.J.E., Inc., an Arizona corporation that claimed to purchase distressed or foreclosed properties, renovate the properties, and then resell them for a profit. Emmons and Property Quest promoted the investment program in Arizona and California newspapers, offering a double-digit return within six months to a year with little risk since the promissory notes would be secured by a deed of trust. The Commission found that Emmons and his company, in some instances, did not renovate the properties, did not hold title to the real estate

and failed to record the deed of trust for the investors' collateral. Moreover, the total amount of funds secured by the deeds of trust far exceeded the value of the property. In settling this case, the respondents neither admitted nor denied the Commission's findings, but agreed to the entry of the consent order.

In another case, the Commission sanctioned Scottsdale resident Kim K. Collins and his company who agreed to pay \$974,406 in restitution and \$50,000 in administrative penalties for fraudulently selling unregistered promissory notes. Collins was owner, president, and chief executive of CAG Capital, Inc., an Arizona corporation doing business as the Glendale Car Connection, but neither Collins nor his company was registered to sell securities in Arizona. Collins told at least 13 investors that their money would be used to finance car dealers who purchased used cars at auction. While promising an above-market interest rate, Collins assured investors that their money was safe and secured by the assets of his financially stable business and would be returned within one year. The Commission found that Collins did not, in fact, fulfill his promises and in some instances, sold the securities despite the knowledge of his company's deteriorating financial condition. In settling this case, the respondents neither admitted nor denied the Commission's findings, but agreed to the entry of the consent order.

Finally, the Commission issued a default order against two Delaware-based companies, requiring them to pay \$500,000 in restitution and \$150,000 in administrative penalties for fraudulently selling unregistered securities. The Commission found that the two companies, Pacific Coast Holding Company and Hall of Fame Partners, LLC, offered and sold the unregistered investment contracts, shares of stock and promissory notes to at least six investors. The companies claimed to put investor money into business operations that produced beverages, digitized film and guitar stands. The Commission found that instead of putting investor funds into the promised investments, Pacific Coast Holding and Hall of Fame Partners expended a portion for the personal use and benefit of their founder, Stanley Lane Boblett.

The full text of the Commission orders can be viewed at:

<http://www.azcc.gov/divisions/securities/enforcement/enforce-orders.asp>

### **Caution for investors:**

Investors need to be especially cautious now because scam artists will use the recent downturn in the stock market to exploit investors' anxiety about increasing their earnings. Even when investing with someone they know, investors should verify the registration of sellers and investment opportunities and investigate disciplinary histories by contacting the Arizona Corporation Commission's Securities Division at 602-542-4242 or toll free in Arizona at 1-866-VERIFY-9. The Division's investor education web site also has helpful information at [www.azinvestor.gov](http://www.azinvestor.gov).

###